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Introduction of a cost-accounting system

Note by the Secretary-General*

1. In its resolution 59/275, the General Assembly requested the Secretary-General to report on the feasibility of the application of cost-accounting principles in the United Nations Secretariat. The purpose of the present note is to inform the Assembly of the progress made to date.

2. Following an international competitive bidding process, consultants were hired to perform the technical work for the review. In the performance of the review, meetings were held with finance officers and other senior staff members in the following departments: the Department for General Assembly and Conference Management, the Department of Economic and Social Affairs, the Department of Peacekeeping Operations, the Department of Political Affairs, the Department of Public Information and the Department of Management. The consultants also undertook site visits to the United Nations Office at Geneva and the United Nations Stabilization Mission in Haiti. Interviews were also held with officials of the United Nations Office at Vienna and the United Nations Office at Nairobi.

3. The resultant report of the consultants set out options for applying cost-accounting principles to support services, peacekeeping operations and the wider Secretariat through the development and implementation of a time-recording and costing system. It also set out a series of related financial management improvements with respect to the policy and practices of charging direct and indirect costs that could be implemented by the Secretariat independently of a cost-accounting system.

4. The proposals for the implementation of a cost-accounting system are far-reaching, potentially affecting every staff member in the organization. Further consideration and consultations with departments are therefore required, given the considerable efforts required for implementation, including the development of necessary supporting information systems.

* The submission of the present note was delayed due to the need for consultations on the subject within the Secretariat.

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5. Furthermore, the decision to be taken on the extent of the application of cost- and management-accounting principles would need to ensure full coordination with the Secretary-General's management reform proposals currently under consideration by the General Assembly. For example, the systems requirements for cost accounting have a bearing on the proposed replacement of the Integrated Management Information System with a modern enterprise resource planning system. Moreover, the consultants' recommendations focused in detail on the suitability of applying cost accounting to support services, which are also subject to service-delivery reviews within the Secretary-General's reform proposals.

6. A more comprehensive report on the feasibility of introducing a cost-accounting system for the United Nations will be submitted to the General Assembly at its sixty-first session.